

or a positive overbalance toward the formation.

§ 250.114 How must I install and operate electrical equipment?

The requirements in this section apply to all electrical equipment on all platforms, artificial islands, fixed structures, and their facilities.

(a) You must classify all areas according to API RP 500, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2, or API RP 505, Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2.

(b) Employees who maintain your electrical systems must have expertise in area classification and the performance, operation and hazards of electrical equipment.

(c) You must install all electrical systems according to API RP 14F, Recommended Practice for Design and Installation of Electrical Systems for Offshore Production Platforms. You do not have to comply with Sections 7.4, Emergency Lighting, and 9.4, Aids to Navigation Equipment.

(d) On each engine that has an electric ignition system, you must use an ignition system designed and maintained to reduce the release of electrical energy.

[64 FR 72775, Dec. 28, 1999, as amended at 65 FR 219, Jan. 4, 2000]

§ 250.115 How do I determine well producibility?

You must follow the procedures in this section to determine well producibility if your well is not in the GOM. If your well is in the GOM you must follow the procedures in either this section or in § 250.116 of this subpart.

(a) You must write to the Regional Supervisor asking for permission to determine producibility.

(b) You must either:

(1) Allow the District Supervisor to witness each test that you conduct under this section; or

(2) Receive the District Supervisor's prior approval so that you can submit

either test data with your affidavit or third party test data.

(c) If the well is an oil well, you must conduct a production test that lasts at least 2 hours after flow stabilizes.

(d) If the well is a gas well, you must conduct a deliverability test that lasts at least 2 hours after flow stabilizes, or a four-point back pressure test.

§ 250.116 How do I determine producibility if my well is in the Gulf of Mexico?

If your well is in the GOM, you must follow either the procedures in § 250.115 of this subpart or the procedures in this section to determine producibility.

(a) You must write to the Regional Supervisor asking for permission to determine producibility.

(b) You must provide or make available to the Regional Supervisor, as requested, the following log, core, analyses, and test criteria that MMS will consider collectively:

(1) A log showing sufficient porosity in the producible section.

(2) Sidewall cores and core analyses that show that the section is capable of producing oil or gas.

(3) Wireline formation test and/or mud-logging analyses that show that the section is capable of producing oil or gas.

(4) A resistivity or induction electric log of the well showing a minimum of 15 feet (true vertical thickness except for horizontal wells) of producible sand in one section.

(c) No section that you count as producible under paragraph (b)(4) of this section may include any interval that appears to be water saturated.

(d) Each section you count as producible under paragraph (b)(4) of this section must exhibit:

(1) A minimum true resistivity ratio of the producible section to the nearest clean or water-bearing sand of at least 5:1; and

(2) One of the following:

(i) Electrical spontaneous potential exceeding 20-negative millivolts beyond the shale baseline; or

(ii) Gamma ray log deflection of at least 70 percent of the maximum gamma ray deflection in the nearest

§ 250.117

clean water-bearing sand—if mud conditions prevent a 20-negative millivolt reading beyond the shale baseline.

§ 250.117 How does a determination of well producibility affect royalty status?

A determination of well producibility invokes minimum royalty status on the lease as provided in 30 CFR 202.53.

§ 250.118 Will MMS approve gas injection?

The Regional Supervisor may authorize you to inject gas on the OCS, on and off-lease, to promote conservation of natural resources and to prevent waste.

(a) To receive MMS approval for injection, you must:

(1) Show that the injection will not result in undue interference with operations under existing leases; and

(2) Submit a written application to the Regional Supervisor for injection of gas.

(b) The Regional Supervisor will approve gas injection applications that:

(1) Enhance recovery;

(2) Prevent flaring of casinghead gas; or

(3) Implement other conservation measures approved by the Regional Supervisor.

§ 250.119 Will MMS approve subsurface gas storage?

The Regional Supervisor may authorize subsurface storage of gas on the OCS, on and off-lease, for later commercial benefit. To receive MMS approval you must:

(a) Show that the subsurface storage of gas will not result in undue interference with operations under existing leases; and

(b) Sign a storage agreement that includes the required payment of a storage fee or rental.

§ 250.120 How does injecting, storing, or treating gas affect my royalty payments?

(a) If you produce gas from an OCS lease and inject it into a reservoir on the lease or unit for the purposes cited in § 250.118(b), you are not required to pay royalties until you remove or sell the gas from the reservoir.

30 CFR Ch. II (7–1–00 Edition)

(b) If you produce gas from an OCS lease and store it according to § 250.119, you must pay royalty before injecting it into the storage reservoir.

(c) If you produce gas from an OCS lease and treat it at an off-lease or off-unit location, you must pay royalties when the gas is first produced.

§ 250.121 What happens when the reservoir contains both original gas in place and injected gas?

If the reservoir contains both original gas in place and injected gas, when you produce gas from the reservoir you must use an MMS-approved formula to determine the amounts of injected or stored gas and gas original to the reservoir.

§ 250.122 What effect does subsurface storage have on the lease term?

If you use a lease area for subsurface storage of gas, it does not affect the continuance or expiration of the lease.

§ 250.123 Will MMS allow gas storage on unleased lands?

You may not store gas on unleased lands unless the Regional Supervisor approves a right-of-use and easement for that purpose, under §§ 250.160 through 250.166 of this subpart.

§ 250.124 Will MMS approve gas injection into the cap rock containing a sulphur deposit?

To receive the Regional Supervisor's approval to inject gas into the cap rock of a salt dome containing a sulphur deposit, you must show that the injection:

(a) Is necessary to recover oil and gas contained in the cap rock; and

(b) Will not significantly increase potential hazards to present or future sulphur mining operations.

INSPECTION OF OPERATIONS

§ 250.130 Why does MMS conduct inspections?

MMS will inspect OCS facilities and any vessels engaged in drilling or other downhole operations. These include facilities under jurisdiction of other Federal agencies that we inspect by agreement. We conduct these inspections:

(a) To verify that you are conducting operations according to the Act, the